

Message Text

CONFIDENTIAL

PAGE 01 NEW DE 05024 071753Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 SP-02 EB-08 /036 W
-----080627Z 105368 /11

R 071313Z APR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2530
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 5024

E.O. 11652: GDS
TAGS: BTIO, IN
SUBJECG: MARUTI

REF: NEW DELHI 4331

1) DISCUSSIONS ON THE AFFAIRS OF MARUTI CONTINUED IN THE PARLIAMENT DURING THE WEEK. THEY RANGED FROM ALLEGED IRREGULARITIES AND MALPRACTICES IN THE ESTABLISHMENT AND OPERATION OF MARUTI HEAVY VEHICLES, LTD. TO THE COMPANY'S RELATIONSHIP WITH FOREIGN SUPPLIERS. THE HOME MINISTER, CHARAN SINGH, STATED IN THE PARLIAMENT THAT THE GOVERNMENT INTENDED TO MAKE INQUIRIES INTO MARUTI'S AFFAIRS BUT TO DATE IT HAS STOPPED SHORT OF ACTUALLY ORDERING AN INVESTIGATION.

2. SPEAKING IN THE LOK SABHA ON APRIL 1, JANATA PARTY MP KANWARLA GUPTA DEMANDED AN INQUIRY ON HOW SANJAY GANDHI WAS ABLE TO BUILD MARUTI ON AN INITIAL INVESTMENT OF RS. 100. HE NOTED THAT SNAJAY'S BECOMING MANAGING DIRECTOR WITH THIS SMALL INVESTMENT CONTRAVENED THE COMPANY'S ARTICLES OF ASSOCIATION AND SO THE ARTICLES WERE CHANGED TO FACILITATE HIS APPOINTMENT. HE ALSO ALLEGED THE LAND FOR THE PLANT WAS ACQUIRED ILLEGALLY AND THAT THERE WAS MALPRACTICE IN THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 05024 071753Z

ACQUISITION OF CONSTRUCTION MATERIALS. INVESTORS BOUGHT SHARES IN THE COMPANY FOR ULTERIOR MOTIVES AND WERE INVITED TO BECOME DEALERS FOR MARUTI AUTOMOBILES IF THEY DEPOSITED SUBSTANTIAL SUMS WITH THE COMPANY, HE ALLEGED. HE SAID THERE WAS FRAUD INVOLVED IN THE SALE OF ROAD ROLLERS WHICH WERE ASSEMBLED BY MARUTI.

3. ON THE PURCHASE OF CRANES AND TRUCKS BY THE ONGC THROUGH MARUTI, NEW MINISTER OF PETROLEUM AND CHEMICALS BAHUGUNA SAID, IN RESPONSE TO A QUESTION ON APRIL 5, THAT THE GOVERNMENT WOULD NOT RESIST DEMANDS FOR A THOROUGH INVESTIGATION. FOR THE PURCHASE OF EIGHT 40-45 TON TRUCK MOUNTED MOBILE CRANES, MARUTI IS ALLEGED TO HAVE QUOTED RS. 1.6 CRORES CIF FOR WEST GERMAN EQUIPMENT. THREE OTHER US AND JAPANESE FIRMS QUOTED RS. 1.58 CRORES, RS. 1.62 CRORES, AND RS. 1.74 CRORES.

MARUTI THEN REVISED ITS OFFER TO RS. 1.70 CRORES AND GOT THE BUSINESS. THE MINISTER DUCKED A QUESTION WHICH ASKED HIM TO VERIFY WHETHER MARUTI ACTED AS AGENT ON THE FRLE OF 12 WEST GERMAN AND 12 INTERNATIONAL HARVESTER TRUCKS TO THE ONGC.

4. ON PIPER MINISTER OF CIVIL AVIATION KAUSHIK TOLD THE RAJYA SABHA THAT THE GOVERNMENT HAS RECEIVED, THROUGH MARUTI, IMPORT LICENSE APPLICATIONS FOR PURCHASES OF 19 PIPER AIRCRAFT, BUT THAT NO LICENSES HAD YET BEEN ISSUED. NLDVYPZED THE PURCHASERS, WHICH INCLUDED THE STATE GOVERNMENTS OF PUNJAB, UP AND MAHARASTRA, PROMINENT INDUSTRIALISTS AS WELL AS THE DELHI FLYING CLUB AND THE DELHI GLIDING CLUB. IT ALSO ALLEGED THAT THE GOVERNMENT HAD REVISED THE REGULATION PROHIBITING THE IMPORT OF AIRCRAFT IN ORDER TO FAVOR MARUTI.

5. THE PRESS ALSO HAS BEEN CARRYING OTHER ALLEGATIONS AGAINST MARUTI, SUCH AS THREATS BY SANJAY TO INVOLVE CONTRACTORS IN CRIMINAL CASES UNLESS THEY COMPLETED CONSTRUCTION WORK ON THE FACTORY, MALPRACICES IN PLACING ORDERS FOR BUS BODIES BY THE DELHI TRANSPORT CORPORATION WITHOUT OPEN TENDERS, FAVORITISM IN ALLOCATING FLATS TO MARUTI EMPLOYEES BY THE DELHI DEVELOPMENT AUTHORITY. THE MINISTER OF INDUSTRY DISCLAIMED ON APRIL 7
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NEW DE 05024 071753Z

HAVING ANY INFORMATION ON MARUTI BECAUSE THE COMPANY IS REGISTERED AS A SMALL SCALE UNIT AND THUS DOES NOT HAVE A CAPACITY LICENSED BY THE MOI.

6. SO FAR, THERE HAS BEEN ALMOST NO DISCUSSION OF MARUTI'S AGREEMENT WITH THE WEST GERMAN FIRM MAN FOR THE ASSEMBLY OF HEAVY DUTY TRUCKS. THIS WAS THE POTENTIALLY LARGEST INVOLVEMENT WITH A FOREIGN FIRM.
SCHNEIDER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE05024
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770122-0910
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770478/aaaacppt.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8fc1c9a8-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 NEW DELHI 4331
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2868370
Secure: OPEN
Status: NATIVE
Subject: ECG: MARUTI
TAGS: BTIO, IN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/8fc1c9a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009